



TO: The Honorable Rebekah Warren and Members of the Great Lakes & Environment Committee

Let me begin by noting that the Miller Brewing Company is strongly committed to efforts that will stop the fraudulent redemption of non-Michigan empty beverage containers. Brewers, soft drink bottlers and distributors, retailers, the Reverse Vending Machine (RVM) sector, and related technology companies have all joined together to identify and develop a technology solution to address the redemption of non-deposit containers in Michigan. We have made solid progress in this effort and plan to demonstrate a prototype can/RVM on February 4 when we meet with various interested legislators in Lansing.

However, Miller is opposed to the two pieces of legislation before this committee, both of which would mandate extraordinarily costly and inefficient changes in the packaging, processing, distribution, and most of all, cost of our products. We feel a legislative mandate is unnecessary in view of our coalition effort and progress to date. While I do believe the introduction of these bills served as one of several needed catalysts useful in driving home the need for an industry-wide effort to solve the problem, further legislative action on these measures would only serve in dividing the coalition and slowing down our drive towards a technology solution.

And, it is essential a solution be found quickly in 2008, given the fact that fraudulent redemption in Michigan has accelerated. In fact, unclaimed deposits paid to the state declined from the peak of \$23.5 million in 2000, to \$16.3 million in 2006 – a drop of \$7.3 million, which we believe is principally attributable to fraudulent redemption.

Bottom line, Miller Brewing Company is especially concerned with legislation requiring a unique Universal Product Code (UPC) for all cans sold in Michigan. Multi-state brewers and other worldwide manufacturers and retailers rely on the universal nature of these codes for multiple aspects of their business. The productivity and information gains for Miller Brewing would be significantly diminished, and become much more expensive, if Michigan were to mandate that the UPC for the majority of our products could no longer be universal. The cost to Miller alone of a unique UPC code on cans would cost us more than \$1.8 million in the first year alone, and we will endure additional operational costs in each outlying year.

It is for these reasons that Miller opposes the legislation to mandate an industry standard and practice unique to Michigan. We are also cognizant that Miller and all other interested parties need to step forward, and quickly, to develop a solution to this problem. I am confident that the coalition in place will soon identify and bring to market a technology solution utilizing a can RVM that will address this matter

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Thank you in advance for your careful consideration.

Sincerely,

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